
NOTE 3 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary information

The following procedures are used by the County in establishing the budgetary data reflected in the financial statements:

1. Prior to March 30th, the County Administrator submits to the Board of Supervisors a proposed operating and capital budget for the fiscal year commencing the following July 1st. The operating and capital budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain citizen comments.
3. Prior to June 30th, the budget is legally enacted through passage of an Appropriations Resolution.
4. The Appropriations Resolution places legal restrictions on expenditures at the department level. Expenditures may not exceed appropriations at the department level. Only the Board of Supervisors can revise the appropriation for each department. The Board of Supervisors has adopted a policy for processing changes to the adopted budget. The School Board is authorized to transfer budgeted amounts within the School system's categories.
5. Formal budgetary integration is employed as a management control device during the year for the General Fund, Special Revenue Funds (except the School Funds), and the Capital Projects Fund. The School Funds are integrated only at the level of legal adoption. Budgets are legally adopted for these funds and the School Fund.
6. All budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
7. All budget data presented in the accompanying financial statements reflects the originally adopted budget and the amended budget compared to actual results as of June 30th.
8. Encumbrance accounting is employed in governmental funds. Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriations, but lapse on June 30th, except for the Capital Projects Fund. Encumbrances outstanding at year-end may be reappropriated by the Board of Supervisors. Appropriations for the Capital Projects Fund are rolled over to subsequent fiscal years.

B. Excess of expenditures over appropriations

For the year ended June 30, 2005, there were no departments in which expenditures exceeded appropriations.

C. Deficit fund equity

As of June 30, 2005, there were no funds with deficit fund equity.

NOTE 4 – RECEIVABLES

Receivables at June 30, 2005 consist of the following:

Primary Government

	General Fund	Capital Fund	Non-Major Governmental Funds	Totals
Property taxes	\$ 3,179,489	\$ -	\$ -	\$ 3,179,489
Accounts	1,730,075	45,028	274,619	2,049,722
Interfund	202,980	-	-	202,980
Intergovernmental	2,404,794	-	-	2,404,794
Notes receivable	-	3,317,857	-	3,317,857
Gross receivables	7,517,338	3,362,885	274,619	11,154,842
Less:				
Allowance for uncollectible accounts	(600,030)	-	-	(600,030)
Net receivables	\$ 6,917,308	\$ 3,362,885	\$ 274,619	\$ 10,554,812

NOTE 4 – RECEIVABLES (CONTINUED)

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of deferred revenue and unearned revenue reported in the governmental funds were as follows:

	<u>Unavailable</u>	<u>Unearned</u>
Deferred tax revenue	\$ 1,725,025	\$ -
Prepaid taxes	-	125,862
VPSA bond refunding	627,838	--
Fauquier County Water & Sanitation Authority Note	3,317,857	-
Parks & Recreation facility rentals	-	5,262
	<u>\$ 5,670,720</u>	<u>\$ 131,124</u>

Component Unit – School Board

	<u>School General Fund</u>	<u>Textbook Fund</u>	<u>School Nutrition Fund</u>	<u>Totals</u>
Accounts	\$ 73,050	\$ 3,080	\$ 2,519	\$ 78,649
Intergovernmental	<u>2,805,870</u>	<u>-</u>	<u>49,269</u>	<u>2,855,139</u>
Net receivables	<u>\$ 2,878,920</u>	<u>\$ 3,080</u>	<u>\$ 51,788</u>	<u>\$ 2,933,788</u>

The School Board's receivables are considered fully collectible and therefore an allowance for uncollectible accounts is not applicable to those receivables.

At the end of the current fiscal year, the various components of deferred revenue and unearned revenue reported in the component unit were as follows:

	<u>Unavailable</u>	<u>Unearned</u>
School grants	\$ -	\$ 15,763
Nutrition prepaid revenue	-	42,850
	<u>\$ -</u>	<u>\$ 58,613</u>